

**RHODE ISLAND LOTTERY COMMISSION
REGULAR MEETING
MONDAY, OCTOBER 18, 2004**

The Regular Meeting of the Rhode Island Lottery Commission was held at 4:00 p.m. at the Rhode Island Lottery Headquarters, 1425 Pontiac Avenue, Cranston, Rhode Island on Monday, October 18, 2004.

After determining a quorum was present, Representative Robert E. Flaherty, Chairman of the Commission, called the meeting to order at 4:20 p.m. Those in attendance, in addition to Chairman Flaherty, were Senator Maryellen Goodwin, Senator David E. Bates, Representative William A. San Bento, Jr., Mr. Robert A. Mancini, and Mr. Mark F. Harriman. Senator Michael J. Damiani and Representative Joseph H. Scott were absent.

AGENDA ITEM 1. Chairman Flaherty requested a motion be made to accept the Minutes of the July Meeting as presented. On a motion made by Mr. Mancini, and seconded by Representative San Bento, it was unanimously decided to accept the Minutes of the July 12, 2004 Meeting as presented.

AGENDA ITEM 2. Gerald S. Aubin, Executive Director, informed the Commission Members that the Instant Ticket Incentive Plan that was approved at the May 17, 2004 Commission Meeting ended on September 30, 2004. Mr. Aubin stated that although the Incentive Plan was successful; there were no plans to extend the Incentive Plan at this time.

AGENDA ITEM 3. Mr. Aubin said in order to change the payment of promotional monies from the Technology Providers to the Facilities to a Fiscal Year basis, he was requesting approval of the proposed language change to amend the current Licensing Agreements.

Proposed Amendment to Technology Provider Licensing Agreement

Current – The Technology Provider shall develop and execute, subject to the prior written approval of the Director, five player promotions per year. The aforesaid player promotions must have a total prize value of at least \$100,000 each year. This amount will be increased by not less than 3% per year within sixty days after each annual anniversary date of this agreement. Technology Providers have already expended \$40,000 in player promotion money during the six month extension of January 1 through June 30, 2004. An additional \$60,000 must be expended between July 1, 2004 and December 31, 2004 - \$48,000 to Lincoln Park and \$12,000 to Newport Grand.

Proposed – The Technology Provider shall develop and execute, subject to the prior written approval of the Director, five player promotions per year. **Beginning July 1, 2004, promotional money will be paid on a fiscal year basis rather than calendar year. The aforesaid player promotions must have a total prize value of \$100,000 for Fiscal Year 2005. Beginning July 1, 2005, this amount will be increased by not less than 3% per year within 60 days after each annual anniversary date of this agreement. Promotional money shall be divided between the facilities, with 80% allocated to Lincoln Park and 20% to Newport Grand.**

On a motion made by Chairman Flaherty, and seconded by Senator Goodwin, it was unanimously decided to amend the current Licensing Agreement with the proposed language.

AGENDA ITEM 4. Mr. Aubin reminded the Commission Members that at the February 23, 2004 Commission Meeting, the Commission unanimously approved the allocation of \$475,000 of the remaining \$661,000 “Credit” owed to the Lottery by GTECH (in exchange for the Player Express™ Terminals) for the development of a new Rhode Island Lottery website. The total credit for that equipment had been \$1.3 million. Mr. Aubin stated some of that credit (\$639,000) had already been used for the Express Point Ticket Checkers. Currently, the Lottery has a remaining credit of \$186,000. Mr. Aubin went on to say that GTECH has proposed that the remaining credit be erased in exchange for additional ITVMs being provided to the Lottery. He said under the Master Contract, GTECH was to replace the existing ITVMs with 125 new 16-Bin EDSQ ITVMs (with a retail value of \$1,500,000). GTECH is proposing that they provide:

<u>Quantity</u>	<u>Product</u>	<u>Retail Value</u>
100	16-Bin EDSQ ITVMs	\$1,231,500
25	24-Bin GamePoint ITVMS	\$ 723,000
30	4-Bin Wall ITVMs	<u>96,680</u>
Total Value		<u>\$2,051,180</u>

Mr. Aubin stated that this amount would mean equipment to the Lottery valued at \$2,051,180, versus the \$1,686,000 (\$1,500,000 plus outstanding credit of \$186,000) for an increase in value of \$365,180. Mr. Aubin went on to say this equipment would tie into the Central System. Mr. Aubin said he was requesting a motion be made for approval of this equipment and the elimination of the remaining \$186,000 credit owed the Lottery.

On a motion made by Mr. Mancini, and seconded Representative San Bento, it was unanimously decided to approve the proposed equipment and the elimination of the remaining \$186,000 credit owed to the Lottery by GTECH.

AGENDA ITEM 5. Mr. Aubin informed the Commission Members that following the Supreme Court ruling on the constitutionality of the wording for the ballot on the Casino issue, we received correspondence from Representative Timothy Williamson requesting detailed information on the overall responsibilities of the Lottery as they relate to the operations of Lincoln Park and Newport Grand. Mr. Aubin said he has not heard from Representative Williamson to date. Chairman Flaherty stated it is not the role of the Commission to interpret the Rhode Island Supreme Court decision. Chairman Flaherty said he would like correspondence sent back to Representative Williamson stating that the Commission has discussed it and has adopted the Attorney General's decision as our own.

AGENDA ITEM 6. Mr. Aubin informed the Commission that the website is nearing completion in its development, and we are hoping to have an official launch sometime in November with a possible promotion to get players to sign on. Mr. Aubin referred the Commission to the website handout. Mr. Aubin stated that the prototype looks excellent, and this new website will be beneficial to both our players and the Lottery with its strong marketing and marketing research capabilities.

Mr. Aubin informed the Commission Members that Sergeant John Flaherty and Lottery Security Manager Jeff Clements will be traveling on November 10, 2004 to San Antonio, Texas, returning on November 13, 2004 to view operations at Oberthur Gaming Technologies, one of our Instant Ticket Vendors. Mr. Aubin also said that three staff members will be traveling to West Virginia on November 15, 2004, returning on November 17, 2004, as part of the Multi-State Wide Area Progressive Evaluation Committee.

AGENDA ITEM 7. On a motion made by Chairman Flaherty, and seconded by Mr. Mancini, it was unanimously decided to enter into Executive Session under Section 42-46-5(a) (1) Personnel and Section 42-46-5(a) (2) Litigation at 4:29 p.m.

On a motion made by Chairman Flaherty, and seconded by Mr. Mancini, it was unanimously decided to reconvene into Public Session at 4:46 p.m., and to close and seal the Minutes of the Executive Session.

On a motion made by Chairman Flaherty, and seconded by Senator Bates, it was unanimously decided to approve the research of firms specializing in personnel review to conduct a study of the Lottery's current personnel structure.

On a motion made by Senator Bates, and seconded by Senator Goodwin, it was unanimously decided to allow the Executive Director to upgrade the current Administrator Support Specialist from Classification 824J to Classification 826J.

AGENDA ITEM 8. The next Meeting of the Rhode Island Lottery Commission was scheduled for Monday, November 22, 2004. Since there was nothing further to discuss, on a motion made by Chairman Flaherty, and seconded by Mr. Mancini, it was unanimously agreed to adjourn at 4:49 p.m.

Respectfully submitted,

William A. San Bento, Jr.
Secretary